GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3147
ANSWERED ON:10.08.2001
FICCI OBSERVATION ON INDIAN ECONOMY
SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE be pleased to state:

(a) whether the Federation of Indian Chambers of Commerce andIndustry (FICCI) has hinted that there is no sign ofsubstantial improvement in the Indian economy in near future;

(b) if so, the details thereof;

(c) whether the FICCI has suggested a four point scheme to tide over the economic recession;

(d) if so, the details of the said scheme and the reaction of the Government thereto; and

(e) the measures proposed to be taken by the Government to tide over the above situation

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) The Federation of Indian Chambers of Commerce and Industry (FICCI) have observed that the chances of a firm recovery are very elusive at least in the short term. A significant pick up in consumer demand would have to await a good khariff harvest in the second half of the fiscal year and prospects of a firm revival of investment demand hinges very much on boosting business confidence.

(c) & (d) The chamber has called for a four pronged strategy to reverse the slow down in the economy and to boost growth. The four points in the scheme are:

(i) Implementing the promises made by the Finance Minister in his budget speech.

(ii) Reviving Investment prospects through rationalisation of the corporate tax, abolition of Minimum Alternative Tax and restoration of investment allowance.

(iii) Faster spending of the unutilized funds lying with the various ministries to help improve investment demand.

(iv) Stepping up the pace of disinvestments to help improve business confidence.

(e) Trends in the economy are closely monitored and steps taken to improve the growth prospects of the economy. These include removing bottlenecks in growth and development, rationalising and restructuring taxes, giving boost to infrastructure and industry and liberalising domestic and external sectors of the economy to enhance their growth potential.